session made in the 1993-94 budget to the consumers;

(b) if so, what was the extent of consession given to these industries and what was the expectation of reduction in the prices;

(c) whether the Bureau of Industrial Cost and Price (BICP) had made any study into this aspect; and

(d) if so, the details thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MUTHY) : (a) As per a quick study conducted by BICP. it is reported that drugs, cosmetics and man-made fibre industries have not passed on the duty concession in full to the consumers.

(b) The extent of concession in excise duty made in the 1993-94 Budget to these industries was broadly as under :

	Duty reduced	
	From	To
(i) Drug formulations	11.5% 17.25%	10% 15%
(ii) Cosmetics	120.75%	70%
(iii) **Major fibres/yarns**		
Polyester filament yarn	Rs. 80.60%	Rs. 69/kg
Nylon filament yarn	Rs. 71.50 /kg	Rs. 57.50/kg
Polyester staple fibre	Rs. 13.65/kg	Rs. 12.65/kg
Viscose staple fibre and acrylic staple fibre	Rs. 15.60/kg	Rs. 14.95/kg
Polypropylene filament yarn	Rs. 32.50/kg	Rs. 28.75/kg

The prices of commodities are determined by market forces and are governed by several factors of which excise duty is only one. Hence it is not possibly to indicate in specific terms any expected reduction in prices on account of duty concession.

(c) A quick study of ten consumer items has been made by BICP.

(d) The BICP report, inter alia, pointed out that out of the ten items taken up for study, three main industries, namely, the drugs, man-made fibres and cosmetics have not passed on the excise duty concession in full to the consumers.

REPRESENTATIONS FROM PROCESS PLANT AND MACHINERY ASSOCIATION

2569. SHRIMATI VEENA VERMA : Will the Minister of FINANCE be pleased to state :

(a) whether on a representation from process plant and Machinery Association, Government have restored the rate of excise duty on items under central excise Tariff Heading 84.19 like the heat exchangers, from 110 per cent to 15 per cent with effect from April 23, 1993;

(b) if so, the details in this regards ;

(c) whether the said Association has further represented for giving retrospective effect to this restoration of duty from Feb. 28, 1993 the date when the hike in

duty was affected, if so, what is Government's decision thereon;

(d) what were the reasons and circumstances leading to the hike; and

(e) what was the total amount of excise duty chargeable on these items with respect to production made during the period from Februray 28, to April 23, 1993.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY) : (a) Yes, Madam.

(b) A representation dated 12-3-1993 was received from the Process Plant and Machinery Association of India requesting a concessional rate of duty for machinery/plant/laboratory equipment of the types in question. Having considered their suggestion, Notification No. 83/93-CE dated 23-4-1993 has been issued prescribing a concessional rate of duty of 15 per cent advl. on machinery, plant or laboratory equipment, for treatment of material by condensing or cooling (excluding refrigerating and air conditioning machinery and parts thereof) and falling under heading no. 84.19 of the Schedule to the Central Excise Tariff Act, 1985.

(c) The Association has represented for issue of notification/corrigendum to ensure that no demands are raised on the assessees manufacturing and clearing such goods during the period from 28-2-1993 to 22-4-1993. Field formations have been advised not to take coercive action on this issue.

(d) While reducing the duty on capital goods falling under heading 84.19, the description of the goods was changed without any intention of changing the scope of the exemption. This, however, led to increase in duty on machinery, plant and laboratory equipment which treats material by condensing or cooling other than refrigeration and air conditioning machinery such as cooling towers etc., from pre-budget rate of 15 per cent to 110 per cent.

(e) Not known.

CHARGING COMPOUND INTEREST FROM FARMERS

2570. SHRI BHUPINDER SINGH MANN : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that commercial banks are not allowed to charge compound interest from the farmers;

(b) whether it is also a fact that this principle is not being adhered to;

(c) what steps Government propose to take to stop this malpractice; and

(d) what mechanism Government propose to resort to ensure refund of the amount charged in excess ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) : (a) Reserve Bank of India (RBI) has given instructions to all scheduled commercial banks regarding compounding of interest on agricultural advances, the details of which are as follows :—

(i) Payment of interest should be insisted upon only at the time of repayment of loans/instalments so fixed;

(ii) Interest on current dues should not be compounded;

(iii) Interest should not be compounded on dues from Primary Agricultural Credit Societies (PACS) ceded to commercial banks;

(iv) when crop loans or instalments under term loans become overdue, banks can add interest outstanding to the principal and compound the interest. However, total interest debited to an account should not exceed the principal amount in respect of short term advances granted to small and marginal farmers.